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# APPLICATION FOR UNITED STATES

# LETTERS PATENT

## METHOD AND SYSTEM FOR FACILITATING TRADING OF MEDIA SPACE

Inventors:

**Alex MASHINSKY**
**Judah LEVINE**

## RELATED APPLICATIONS

This application claims priority from U.S. Provisional Patent Application Serial Number 60/254,571 which was filed on December 11, 2000.

## BACKGROUND OF THE INVENTION

### 1. Field of the Invention

The present invention relates to trading of media space and, more specifically, to an online system for trading advertisements.

### 2. Description of the Related Art

Historically, revenues generated from selling media space for advertising have represented an important source of income for media companies. Television and radio stations as well as many Web sites rely almost exclusively on advertising revenue to fund the cost of their operations so that they may provide programming and content free of charge to the general public. Similarly, general-interest newspapers and magazines depend on advertising revenues to subsidize their cost of operations, allowing them to offer their publications to the public at low prices or free of charge.

In recent years, the forums for advertising have become as creative as they are ubiquitous: from banners on the sides of buses to stickers on peels of fruit. Advertising now represents a key component of many economies. For example, in the U.S., advertising expenditures represented 2.2% of the 1999 GDP; this figure is predicted to rise to 3% by 2010.

Currently, there are four primary models or arrangements under which traditional media space (i.e., non-interactive) is traded. In a first arrangement, a corporation wishing to advertise hires the services of an advertising agency, which buys space directly from media firms on behalf of its client. According to a second arrangement, the advertising agency purchases ad space through third party agents, which act on behalf of the media firms. Less common than the first arrangement yet more common than the second is a third arrangement in which the advertiser negotiates and purchases media space directly from the media firms. Finally, the least common arrangement by which the advertiser negotiates and purchases media space from third party agents, which act on behalf of the media firms.

Existing systems and methods for buying and selling non-interactive media space are generally inefficient, in terms of time, human and capital resources employed. They are oftentimes ineffective in that they produce sub-optimal results or waste unsold inventory. The reasons for this relate to the fragmented structure of the industry: With thousands of geographically dispersed buyers and sellers, the customized nature of such transactions necessitates lengthy periods for contract negotiation and market discovery.

Related to this is the fact that the metrics by which traders determine the value of non interactive media space are of questionable statistical significance and can be a subject of dispute, thereby hindering the commoditization of media space and the efficiency of trading. Additionally, due to the inefficiencies described above, trading in noninteractive media is generally conducted well-before scheduled placement, relying on metrics that are dated and often inaccurate by the time the advertisements appear.

There have been attempts to provide technological solutions to facilitate more efficient and effective trading and placement of interactive media. A common prior art method collects information on the numbers and demographic characteristics of users of contracted interactive media sites, matches this information to user profiles, which the advertiser seeks to target, and then provides advertisements to the various sites. Another method aimed at traditional media typically offers advertisers access to an integrated catalogue listing product information from multiple sellers of media space. Others offer buyers software that helps automate advertising procurement, thereby reducing transaction costs. Yet none of these methods described provides an on-line exchange, which allows members to buy, sell and physically deliver media contents, in accordance with user-defined criteria.

Accordingly, there is a compelling need for the development of such a media exchange, which facilitates real-time demand and supply and pricing for media space, matches buyers and sellers according to defined metrics, and dynamically delivers the traded media contents.

## SUMMARY OF THE INVENTION

An object of the present invention is to provide a method and system for facilitating flexible and efficient trading of media space.

A further object of the present invention is to provide a method and a system for facilitating delivery of media content on the basis of settled trades.

According to an embodiment of the present invention, the system provides sellers of media space access to multiple buyers of media space in one electronic marketplace, thereby allowing sellers to maximize the value of their unsold inventory.

According to another aspect of the invention, the system provides buyers of media space access to multiple sellers of media space in one electronic marketplace, thereby expanding the purchasing opportunities.

According to still another aspect of the invention, there is provided a single, integrated online environment for media research, planning, trading and content delivery.

An advantage of the present invention is that transaction costs associated with the buying and selling of media space for both buyers and sellers of media space are reduced. The media space contemplated for trading includes any space that may be offered by media such as, for example, television radio, newspaper, magazine, Internet, outdoor signage. The traded space is intended for placement of advertisement content and may include one or more of the following attributes:

Type of medium;

Unit of Trade;

Target Market;

Time Interval of Placement; and

Audience Characteristics (e.g., Ratings, Demographics).

Furthermore, the market participants may be any player participating in the media space trading market such as, for example, Advertisers, Advertising Agencies (i.e, Representatives of Advertisers), Media Space Owners, and Agents of Media Space Owners. Other participants may include other types of media space brokers, risk managers, and speculators.

Other objects and features of the present invention will become apparent from the following detailed description considered in conjunction with the accompanying drawings. It is to be understood, however, that the drawings are designed solely for purposes of illustration and not as a definition of the limits of the invention, for which reference should be made to the appended claims. It should be further understood that the drawings are not necessarily drawn to scale and that, unless otherwise indicated, they are merely intended to conceptually illustrate the structures and procedures described herein.

## BRIEF DESCRIPTION OF THE DRAWINGS

In the drawings:

Fig. 1 is a block diagram depicting a preferred embodiment of the present invention;

Fig. 2 is a schematic diagram of an input screen according to an embodiment of the invention; and

Fig. 3 is a flow diagram depicting the steps according to the method of the present invention.

## DETAILED DESCRIPTION OF THE PRESENTLY PREFERRED EMBODIMENTS

Fig. 1 is a block diagram of a system for trading media space according to and embodiment of the present invention. Market participants such as, for example, buyers 10 of media space and sellers 12 of media space interact with a server node 16 of the system through an interface 14 which may, for example, comprise a computer, a cellular phone, a personal digital assistant (PDA), or any other device which is capable of communication with the server node 16. The interface 14 may communicate with the server node 16 via a private network or an IP network such as the Internet. The interface 14 includes an input channel such as a keyboard, electronic pen, voice recognition, or other input which allows the seller market participants to submit offers (i.e., asks) of media space the buyer market participants to submit requests (i.e., bids) for media space. The interface 14 also includes an output channel, such as a screen or a speaker for transmitting information regarding the status of the submissions to the participants.

Fig. 2 shows an example of an input screen which may be presented to a participant. The participant merely fills in the required information (discussed in more detail below) and submits the information to the server node 16.

Referring back to Fig. 1, the server node 16 receives and stores bid and ask information that is submitted by the participants which may, for example, include the type of media space to be traded, the unit of the trade, quantity of the unit, the target market of the media space, time interval of placement, expected or guaranteed audience characteristics, rate, content delivery information, and information regarding the market participant responsible for the bid and ask.

The server node 16 includes a set of rules 16a which includes requirements and procedures for participation in the electronic market such as, for example, the required method for submitting the offer and requests, deal making processes, deal execution criteria, and delivery options for delivery of the media from the advertiser to the media space owner. The bids and asks may be validated by the server node 16 using known authentication procedures. Submissions are entered into an active bid/ask database, the contents of which may be viewed by the participants. The server node 16 matches the bids and asks based on the parameters specified in the bids and asks which satisfy deal execution requirements set forth in the set of rules 16a. Confirmation of executed deals is sent to the participants and the deal information is recorded in a database.

A clearinghouse module 18 is linked to the server node 16 and performs clearing, settlement, billing and other related back office functions on behalf of the parties for each executed trade transaction.

The server node 16 also facilitates the delivery of the media content from the buyer of media space to the correspondingly matched seller of media space after execution of a trade between the two parties. In a preferred embodiment, buyers' content storage facilities 20 are connected to switch node 22 through a first connection 24 and sellers' content storage facilities 26 are connected to the switch node 22 through a second connection 28. A contents database and server 30 may also be connected to switch node 22. Connections 24 and 28 may, for example, comprise an IP network, an e-mail system, or other file transfer means. In a preferred embodiment, buyers desiring the system to facilitate automatic delivery of content upon execution of trades send the offered media content to switch node 22 which directs the

received media content to the content's database and server 30. Upon execution of a trade, the server 16 instructs the switch node 22 to send the buyer's content from the content's database 30 to the correspondingly matched seller. In this alternative embodiment, the content of the advertisement from the buyer of media space is automatically delivered to the seller of media space upon completion of the trade. It is also possible for the seller to provide information to be stored in the content's database and server 30 before the match is made.

In a further embodiment, the system may inform the participants of the completed trade and provide information to the buyer which allows the buyer in the settled trade to directly send the content to the seller of the settled trade. In this embodiment, the system merely coordinates the transfer of content and does not actually perform the automatic delivery.

Fig. 3 shows the method according to the present invention. The bids and asks are first received at the server node 16 in step 100. The content of the advertisement to be displayed in the media space is then downloaded from the buyer's content server to the contents database and server 30, step 105. The server node 16 performs deal making algorithm to match bids and asks, step 110. When a deal is made, the participants of the matched bid and ask are informed, step 115. The server node 16 signals the switch node 22 and the content of the advertisement for the matched request for media space is automatically transmitted to the sellers' content server from the contents database and server 30. step 120. The automatic delivery of the content allows the match to be a near-to-event transaction. That is, the match can be made in a spot market immediately prior to when the ad will be displayed.

Thus, while there have shown and described and pointed out fundamental novel features of the invention as applied to preferred embodiments thereof, it will be understood that

various omissions and substitutions and changes in the form and details of the devices illustrated, and in their operation, may be made by those skilled in the art without departing from the spirit of the invention. For example, it is expressly intended that all combinations of those elements and/or method steps which perform substantially the same function in substantially the same way to achieve the same results are within the scope of the invention. Moreover, it should be recognized that structures and/or elements and/or method steps shown and/or described in connection with any disclosed form or embodiment of the invention may be incorporated in any other disclosed or described or suggested form or embodiment as a general matter of design choice. It is the intention, therefore, to be limited only as indicated by the scope of the claims appended hereto.